



# County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

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August 25, 2006

To: Mayor Michael D. Antonovich  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
From:   
David E. Janssen  
Chief Administrative Officer

## SACRAMENTO UPDATE

### Special Session on Prisons

**AB X2 1 (Lieber)**, which proposes the transfer of 4,500 female inmates to community correctional facilities over a two-year period, was amended on August 21, 2006 to require the Department of Corrections and Rehabilitation to report to the Legislature on the implementation of programs in the correctional facilities. The Department would also be required to obtain legislative approval prior to the conversion of vacant female prisons to house male prisoners. The bill has been referred to the Assembly Committee on Correctional Policy and Fiscal Issues with no hearing date set.

### Pursuit of County Position on Legislation

**SB 815 (Perata)**, as amended on August 24, 2006, would revise the formula by which workers' compensation payments for permanent disability are computed. The bill rolls back an element of the workers' compensation reform enacted by County-supported SB 899 (Poochigian) in 2004.

Under current law, permanent disability payments are set according to a formula which ties the percentage of a permanent disability incurred by an employee to a specified number of weeks of earnings. For example, a person with less than 10 percent permanent disability can receive a payment based on three weeks of earnings, while a person with more than 70 percent disability would receive a payment based on eight

weeks of earnings. SB 815 would increase the "weeks of earnings" factor from one to 13 additional weeks depending on the percentage of disability.

CAO Risk Management indicates that the purpose of permanent disability benefits is to compensate the injured worker for diminished ability to compete in the open labor market, and that the County's goal is to assure the proper benefits are provided to injured workers. At present, the California Commission on Health and Safety and Workers' Compensation and the State Division of Workers' Compensation are conducting comprehensive studies to adequately determine what constitutes proper benefits, and the interactive effect of improvements in other workers' compensation areas return to work programs. To the extent computation formulas are changed so soon after the reforms of 2004, without the benefit of empirical data, potential inequities can be created from one injured worker to the next, depending on which date they happen to be injured, rather than consistency based on degree, measure, and impact of the injury itself. Consistent with general Board policy to oppose legislation that increases the County's workers' compensation costs and its support for SB 899, **our Sacramento advocates will oppose SB 815**. The bill is awaiting Assembly Floor action, and is opposed by the California State Association of Counties, the League of Cities, and the California Joint Powers Authority. Support for SB 815 is unknown at this time.

**SB 1320 (Cedillo)**, was amended on August 22, 2006 to require that \$150,000 allocated to Los Angeles County by the California Department of Alcohol and Drug Programs in the Budget Act of 2006 be used to fund a pilot co-occurring disorders court. It specifies that eligible participants will include those with a history of substance abuse or mental illness who are facing nonviolent felony criminal charges in Los Angeles County. Because SB 1320 is substantially similar to County-supported SB 1323, which died in the Senate, **our Sacramento advocates will now support SB 1320**. While SB 1320 as currently amended has not yet registered support or opposition, it is likely to be endorsed by those organizations which supported SB 1323, including the California Mental Health Directors Association, Lambda Letters Project, Los Angeles County Sheriff's Department, Los Angeles County District Attorney's Office, and the City of Santa Monica. SB 1320 is awaiting consideration on the Assembly Floor.

### **Legislation of County Interest**

**AB 1561 (Umberg)**, as amended on August 21, 2006, proposes to create a reservation for the Gabrielino-Tongva Tribe (Tribe) in the City of Inglewood for the purpose of operating a casino on that property. This bill would authorize the Governor to negotiate a gaming compact related to the terms of operation of the casino. The reservation would be placed on the property currently used as the Hollywood Park Race Track and adjacent parcels. This property would be held in trust by the State on behalf of the Tribe. It would also prescribe minimum payments to local, county and state entities of at least 20 percent of the net win from all slot machines and five percent of the net win

proceeds are to be allocated for: 1) enhancement of purses and breeder award programs for live races at Hollywood Park; Santa Anita and Los Alamitos racetracks; and 2) funding for the Association of State Racing Fairs for its facilities, personnel, programs, grants and other functions. All such support of live horse racing would designate the Tribe or its casino as the presenting sponsor.

At least five percent of the net win would be distributed to the City of Inglewood, Inglewood Unified School District and the County. These payments would be considered to be an in-lieu property tax payment.

The remaining amount, not less than five percent of the net win is to be used in support of the provisions of Proposition 83 should it be approved by the voters in the November 7, 2006 election. Proposition 83 would increase penalties for violent and habitual sex offenders and child molesters; prohibit registered sex offenders from residing within 2,000 feet of any school or park; require lifetime global positioning system monitoring of registered sex offenders; expand the legal definition of a sexually violent predator by reducing the age differential between the victim and offender, and changes the current two-year commitment of sexually violent predators to an indeterminate sentence.

According to the Assessor's Office, the parcels under consideration for the tribal casino have a current assessed valuation of \$295 million. The share of property tax revenue, less indebtedness and direct assessments total \$1.6 million to Los Angeles County. It is possible that the County's revenues under the gaming authorized by this bill would increase.

AB 1561 is currently held on the Senate Rules Committee and it does not appear that it will pass the Senate by the August 31, 2006 legislative adjournment date. However, the provisions of this bill are expected to be included in a Senate bill in an effort to reach the Governor's desk before the end of the legislative session.

**AB 1602 (Laird)**, as amended August 7, 2006, would allow new cities and cities that annex inhabited territory to get a special population formula calculation for the allocation of Vehicle License Fee (VLF) revenues which are apportioned to cities on the basis of population. Prior to November 2004, the State applied a special population formula to allocate additional VLF revenues to help newly incorporated cities with their startup costs. For the first seven years of incorporation, this formula (known as the "VLF bump") provided three times more than the amount of VLF revenue that new cities would have received under a conventional population formula.

As part of the FY 2004-05 Budget agreement, the Legislature enacted the "VLF-Property Tax swap" which redirected property tax revenues to cities and counties, and used VLF and State General Funds to backfill school funding. The "VLF-Property

Tax swap" reduced or eliminated the "VLF bump" formula for new cities created after August 5, 2004.

AB 1602 would establish a new special population formula to restore the "VLF bump." However, the new "VLF bump" only provides financial assistance over a five-year period, as opposed to the seven-year period under the previous statute. In addition, the new formula would diminish a new city's augmentation each year by a specified amount, while the previous statute provided a constant augmentation over the seven-year period.

While re-establishment of the "VLF bump" may encourage new incorporations or annexations, only cities that experience rapid growth after incorporation might receive more VLF revenues from the new formula. In addition, the fiscal viability of new cities is not likely to only depend on one revenue source.

The California State Association of Counties concurs with our analysis that there is no impact on counties because the new "VLF bump" would be fully funded by the cities VLF revenue allocation. In addition, incorporations must be revenue and expenditure neutral under Section 56815 of the Government Code.

AB 1602 is supported by various organizations including the California Association of Local Agency Formation Commissions, League of California Cities, Carmel Valley (Monterey County), San Martin (Santa Clara County), El Dorado Hills (El Dorado County), Wildomar and Manifee Valley (Riverside County), Oakhurst (Madera County), City of Salinas, San Bernardino Local Agency Formation Commission (LAFCo), Santa Barbara LAFCo, Santa Cruz LAFCo, and many others. There is no registered opposition.

The Assembly concurred with the Senate's amendments on August 21, 2006, and this bill now proceeds to the Governor's desk.

**AB 2399 (Garcia)**, as amended on August 15, 2006, would ratify the pending tribal gaming compact between the Governor and the Agua Caliente Tribe (Tribe). This bill would result in an increase in payments from the tribe from \$11.9 million to \$23.4 million a year and would require the Tribe to pay the State 15 percent of the net win from the operation of slot machines above 2,000. It is expected that the State will receive approximately \$1.8 billion over the life of the compact which would expire December 31, 2030.

The proposed compact would provide the Tribe with an exclusivity provision that covers Los Angeles, Riverside, San Bernardino and San Diego Counties. Should the State enter into a compact with a non-federally recognized tribe, the amount the Tribe would pay the State would be reduced. While the amount of net win from the Agua Caliente Tribe is not known, the loss to the State could exceed \$30 million a year. Currently

there is only one tribe, a non-federally recognized tribe (the Gabrielino-Tongva Tribe) seeking a compact with the State to operate a casino at the Hollywood Race Track site in the City of Inglewood, with the intent of making payments of at least 20 percent of the net win to the City, County and local school district as well as in support of the horse racing industry and Proposition 83 (see AB 1561). The exclusivity provisions would not apply to amendments to compacts with other federally recognized tribes such as Morongo, San Manuel or Pechanga Tribes.

In a hearing of the Assembly Committee on Governmental Organization on August 23, 2006, representatives of the Gabrielino-Tongva Tribe stated that they believe Los Angeles County, with its large population, to be a potentially lucrative market which could ultimately support casinos with up to 35,000 slot machines. However, it is not clear that the Governor would support an expansion of gaming to this extent. AB 2399 is being held in the Assembly for concurrence with Senate amendments.

#### **Status of County-Interest Legislation**

**County-supported AB 1534 (Alarcon)**, which would have required State agencies administering programs serving low-income people to work to create a single application for low-income programs, was amended on August 24, 2006 and now relates to clarifying State law relative to services provided to persons not lawfully present in the U.S. (i.e., undocumented persons). We will be consulting with County Counsel and affected departments regarding the impact of the amended version of the bill. In the meantime, **our Sacramento Advocates will communicate that we no longer have a support position on SB 1534.** The bill is pending Assembly Floor action.

**County-supported SB 1835 (Florez)**, which would prohibit a city or county from determining that a solid waste facilities permit application is complete if the solid waste facilities permit is approved through an initiative, unless the facility is consistent with existing State, local and Federal laws, passed the Senate Floor on August 23, 2006, by a vote of 33 to 3, and now proceeds to the Governor's desk.

We will continue to keep you advised.

DEJ:GK  
MAL:JF:IGR:cc

c: All Department Heads  
Legislative Strategist  
Local 660  
Coalition of County Unions  
California Contract Cities Association  
Independent Cities Association